

United States Bankruptcy Court

Northern District of Illinois

In re Hesperus Peak, Inc.

Case No. _____

Debtor

Chapter ¹¹ _____

DISCLOSURE OF COMPENSATION OF ATTORNEY FOR DEBTOR

1. Pursuant to 11 U.S.C. § 329(a) and Fed. Bankr. P. 2016(b), I certify that I am the attorney for the above named debtor(s) and that compensation paid to me within one year before the filing of the petition in bankruptcy, or agreed to be paid to me, for services rendered or to be rendered on behalf of the debtor(s) in contemplation of or in connection with the bankruptcy case is as follows:

☐ FLAT FEE

For legal services, I have agreed to accept \$ _____

Prior to the filing of this statement I have received. \$ _____

Balance Due. \$ _____

☒ RETAINER

For legal services, I have agreed to accept a retainer of \$ \$25,000, plus \$1,717.00 initial filing fees

The undersigned shall bill against the retainer at an hourly rate of \$ See attached representation agreement

[Or attach firm hourly rate schedule.] Debtor(s) have agreed to pay all Court approved fees and expenses exceeding the amount of the retainer.

2. The source of the compensation paid to me was:

☒ Debtor ☐ Other (specify)

3. The source of compensation to be paid to me is:

☒ Debtor ☐ Other (specify)

4. ☒ I have not agreed to share the above-disclosed compensation with any other person unless they are members and associates of my law firm.

☐ I have agreed to share the above-disclosed compensation with a other person or persons who are not members or associates of my law firm. A copy of the Agreement, together with a list of the names of the people sharing the compensation is attached.

5. In return of the above-disclosed fee, I have agreed to render legal service for all aspects of the bankruptcy case, including:

- Analysis of the debtor's financial situation, and rendering advice to the debtor in determining whether to file a petition in bankruptcy;
- Preparation and filing of any petition, schedules, statements of affairs and plan which may be required;
- Representation of the debtor at the meeting of creditors and confirmation hearing, and any adjourned hearings thereof;

d. [Other provisions as needed]

See attached representation agreement.

6. By agreement with the debtor(s), the above-disclosed fee does not include the following services:

Representation of the debtors in any dischargeability actions, judicial lien avoidances, relief from stay actions or any other adversary proceeding.

CERTIFICATION

I certify that the foregoing is a complete statement of any agreement or arrangement for payment to me for representation of the debtor(s) in this bankruptcy proceeding.

05/28/2020

/s/ Carolina Sales, 6287277

Date

Signature of Attorney

Lakelaw

Name of law firm
53 West Jackson Boulevard
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Chicago, IL 60604
3125885000
csales@lakelaw.com

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May 24, 2020

Hesperus Peak, Inc. d/b/a Spa Bleu of South Barrington
100 W. Higgins Rd., Ste. F
South Barrington, IL 60010
Attn: Tammy Coakley, President
Email: tammy@spa-bleu.com

Representation Agreement

Dear Tammy:

This letter describes the terms on which the law firm of Bauch & Michaels, LLC d/b/a Lakelaw has agreed to represent you in connection with a Chapter 11 reorganization case in the United States Bankruptcy Court for the Northern District of Illinois, Eastern Division ("Bankruptcy Court").

This letter describes the terms on which the law firm of Bauch & Michaels, LLC has agreed to represent you regarding the filing of your Chapter 11 bankruptcy, and any other specific projects that we undertake in writing to do. We will work with you to prepare and file a chapter 11 bankruptcy petition and the required related documents; we will provide information to your chapter 7 Trustee and appear with you at the Meeting of Creditors over which the Trustee presides. We will assist you with the steps that are required for a debtor in bankruptcy to obtain a discharge.

The representation of you in the Chapter 11 case shall not include representation in any adversary proceedings, contested motions, or appeals, at any Court. It shall not include any proceedings at any court other than the United States Bankruptcy Court for the Northern District of Illinois. Such matters may only be undertaken by our firm on your behalf upon signature of a separate representation agreement, and payment of a further Advance Payment Retainer.

There are, we understand, certain proceedings against you at the Circuit Court of Cook County. While these proceedings may be stayed or impacted by the filing of the bankruptcy case, you understand that we do not represent you in those

proceedings, and that in undertaking the bankruptcy proceeding, we do not warrant that anything that has taken place at that Court can be undone or vacated. Those proceedings may have created a lien on money held by you; you understand that we require your payment to us to be free of all such liens.

Court Approval of Employment and Fees and Disbursements. Immediately upon the commencement of the Chapter 11 cases, the Debtors will apply to the Bankruptcy Court to approve our employment. We will periodically apply to the Bankruptcy Court for interim compensation and reimbursement. Under the Bankruptcy Code our compensation and reimbursement is subject to the approval of the Bankruptcy Court. You agree to cooperate with us in reviewing and approving our fee applications.

Retainer. It is our policy to require an "Advance Payment Retainer" concerning all of our representations. We will require an initial retainer of \$25,000.00, plus \$1,717.00 in filing fees (for a total of \$26,717.00), which will be credited against our fees and disbursements as they are billed.

An advance payment retainer is a present payment to an attorney in exchange for the commitment to provide legal services in the future. Unlike a security retainer which is a deposit intended to secure payment of fees for future services, an advance payment retainer will become our property immediately upon payment. The advance payment retainer will be deposited into our general operating account and will be credited against our fees and expenses as they are provided and incurred. You have the option of requesting a security retainer, but we generally do not accept representations under security retainers and would decline representation in this case if you were to insist on a security retainer. We do not accept security retainers because of the limitations on the use of the retainer, the related accounting burdens and the risk that the retainer could be the subject of a claim by your creditors. The specific purpose of the advance retainer is to provide us with a level of comfort that we will be paid for at least our initial services and to ensure that we could continue to represent you and not be forced to withdraw in the event that payment for our services is questioned.

Fees. The principal basis for determining the amount of our fees for our services to you will be the time spent by our professionals multiplied by their respective normal hourly billing rates. There are other factors that we may use in determining the fees to be charged. These factors include: the nature, novelty, and difficulty of the question involved; the skills required to perform the services properly; the peculiar demands upon the firm; the practice of other firms performing similar services; the size of the matter; the results obtained; and the time limitations imposed. Our current normal rates for lawyers range from \$240.00 to \$650.00 per hour; the hourly rate for a paralegal is lower. These rates are adjusted from time to time, usually once a year in December. The current hourly

rates of the lawyers whom we now anticipate may render services on your behalf are Paul M. Bauch, \$400.00; Carolina Y. Sales, \$275.00; Justin R. Storer, \$375.00; Kenneth A. Michaels Jr., \$375.00; David P. Leibowitz (of counsel), \$650.00 and Anthony R. O'Neill (of counsel), \$400.00. The current hourly rate for our paralegal is \$175.00 per hour. It may be necessary for us to use other lawyers in the course of our representation. In this regard, we will recommend lawyers and assist you in negotiating separate retention agreements with those lawyers. If our attorneys are required to travel in the course of representation, you will be charged for their travel at the attorney's hourly rate. However, you will not be charged for travel time to the extent that work is being performed on other matters.

Disbursements. You will be responsible for reimbursing us for our out-of-pocket expenses incurred on your behalf. These may include, without limitation, travel, voluminous photocopying, computerized legal research, delivery services, filing fees, court costs, court reporting, and transcripts and other incidental expenses, such as secretarial overtime incurred due to your specific time constraints.

Billing. Our statements, which are generally rendered monthly, are payable upon receipt and prompt payment is a requirement for our continued representation. We reserve the right to charge a late payment fee at the rate of 1% per month (12% annual percentage rate) on any statement not paid within 30 days of its date. You will also be responsible for reimbursing us for any collection costs, including attorneys' fees, incurred in collecting amounts you owe to us.

Termination of Representation. You may terminate our representation at any time. We may terminate our representation of you for any reason consistent with the rules of professional responsibility upon motion to the bankruptcy court, including nonpayment of fees or a delay of more than ten days in the payment of any required retainer. In either case, you will remain obligated to pay all fees and disbursements accrued to the date of termination and any fees and disbursements accrued or incurred in effecting the termination. In the event of any termination of our representation, (i) you acknowledge our right to retain all files and other documents relating to matters as to which we are then or have previously represented you as a lien pending our receipt of payment in full for our services and disbursements, and (ii) we agree to promptly return to you an amount equal to that portion of the Advance Payment Retainer in excess of the fees and disbursements due and owing at the time we terminate our representation of you. If we terminate representation while a judicial proceeding is pending, we will need to file a motion to withdraw in the public record. By this agreement, you agree to accept service of such motion by email with a copy mailed by first class postal delivery.

Other Clients. Since we represent many other clients, it is possible that one or more of our present or future clients will have a dispute with you during the time

Representation Agreement, May 24, 2020, page 4.

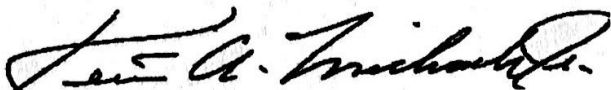
that we are representing you. Accordingly, we may request from time to time after disclosure to you that you consent to our continuing to represent or undertaking in the future to represent any client in any matter that is not substantially related to our work for you, even if the interests of the other client in that matter are directly adverse to you. As a condition of our representation of you, you agree that you will not unreasonably withhold your consent to such representation. Further, you agree that if you do withhold your consent, we may resign from our representation of you (consistent with the rules of professional responsibility) and after such resignation we may represent the other client. We agree, however, that your prospective consent to conflicting representation, or to our representation of the other client after resignation from representation of you, contained in the preceding two sentences shall not apply in any instance where as the result of our representation of you we have obtained sensitive, proprietary or other confidential information of a non-public nature that, if known to the other client, could be used in the other matter by the other client to your material disadvantage.

Interest on Client Funds. In the event at any time in the future that any funds are required to be deposited in a our firm's client funds trust account, which is a separate and distinct account maintained by our firm, you should be aware that pursuant to applicable Illinois law, any and all interest earned on such funds must be paid directly by the bank to the Illinois Supreme Court. Neither our firm nor you will receive any of this interest income.

We are looking forward to working with you. We appreciate your confidence in entrusting your representation to us.

Please sign and date a copy of this letter and return it to the undersigned to confirm your agreement to the foregoing terms. If you have any questions about this letter or about our services, fees, or statements, please call the undersigned so that we may discuss them. Our obligation to represent you does not start until the entire "advance payment retainer" and filing fees are paid, and this signed representation agreement is received.

BAUCH & MICHAELS, LLC D/B/A LAKELAW

By: 
Kenneth A. Michaels Jr., Manager

AGREED:

HESPERUS PEAK, INC. D/B/A SPA BLEU OF SOUTH BARRINGTON

By: Tammy Coakley

Tammy Coakley

Its President

Date: 5/24/20